



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 21, 2025

TO: USAID/Philippines Mission Director, Ryan Washburn

FROM: Asia Regional Office, Audit Assistant Director, Rhonda M. Horried /s/

SUBJECT: Closeout Audit of Generating Rural Opportunities by Working with Cooperatives Project in the Philippines, Managed by AgriterraPhils Inc., Agreement 72049220CA00002, January 1, 2022, to July 5, 2023 (5-492-25-022-R)

This memorandum transmits the closeout audit report on Generating Rural Opportunities by working with Cooperatives Project under cooperative agreement 72049220CA00002, from January 1, 2022, to July 5, 2023. AgriterraPhils Inc. contracted with the independent audit firm, Punongbayan & Araullo to conduct the audit. The audit firm stated it performed its audit in accordance with International Standards on Auditing, in conjunction with generally accepted government auditing standards (GAGAS), and USAID Financial Audit Guide for Foreign Organizations. However, the audit firm disclosed that it did not have continuing professional education and external peer review programs that fully satisfy GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the recipient's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to (1) express an opinion on whether AgriterraPhils Inc.'s schedule of expenditures of USAID awards for the audited period were presented fairly, in all material respects; (2) evaluate AgriterraPhils Inc.'s internal controls related to the USAID-funded project; and (3) determine whether AgriterraPhils Inc. complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted a financial audit that covered costs of \$911,168 for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited except for \$118,950 in questioned costs (\$53,133 ineligible and \$65,817 unsupported). The audit

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting workpapers; they are not designed to enable us to directly evaluate the quality of the audit performed.

firm did not identify any material internal control or any instances of material noncompliance. In addition, although we do not make a recommendation for significant deficiencies noted in the report, we suggest USAID/Philippines determine if the recipient addressed the issues noted. The audit firm issued a management letter that had no material issues that required a recommendation.

During our desk review, we noted areas for improvement that the audit firm will need to address in its future audit reports. We presented these deficiencies in a memorandum to the mission controller dated March 21, 2025.

To address the issues identified in the report, we recommend that USAID/Philippines:

Recommendation I. Determine the allowability of \$118,950 in questioned costs (\$53,133 ineligible and \$65,817 unsupported), as detailed on pages 26 to 33 of the audit report and recover any amount that is unallowable.

We ask that you provide written notification of actions planned or taken to reach a management decision.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) (“commercial or financial information obtained from a person that is privileged or confidential”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.